

FAMOUS DAVES OF AMERICA INC

Form 10-Q

May 10, 2013

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the Quarterly Period Ended March 31, 2013**

**.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**Commission File No. 0-21625**

**FAMOUS DAVE S of AMERICA, INC.**

**(Exact name of registrant as specified in its charter)**

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Minnesota  
(State or other jurisdiction of  
incorporation or organization)

41-1782300  
(I.R.S. Employer  
Identification No.)

12701 Whitewater Drive, Suite 200

Minnetonka, MN 55343

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code (952) 294-1300

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerate filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated Filer   
Non-Accelerated Filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 6, 2013, 7,625,573 shares of the registrant's Common Stock were outstanding.

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**Table of Contents****FAMOUS DAVES OF AMERICA, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****MARCH 31, 2013 AND DECEMBER 30, 2012***(in thousands, except share and per share data)*

	<b>March 31, 2013</b>	<b>December 30, 2012</b>
	(Unaudited)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,006	\$ 2,074
Restricted cash	709	689
Accounts receivable, net	2,769	3,427
Inventories	2,724	2,760
Deferred tax asset	596	596
Prepaid expenses and other current assets	3,451	2,800
<b>Total current assets</b>	<b>12,255</b>	<b>12,346</b>
<b>Property, equipment and leasehold improvements, net</b>	<b>59,471</b>	<b>60,429</b>
<b>Other assets:</b>		
Intangible assets, net	3,032	2,815
Other assets	597	663
	<b>\$ 75,355</b>	<b>\$ 76,253</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt and financing lease obligation	\$ 959	\$ 946
Accounts payable	6,460	3,640
Accrued compensation and benefits	2,876	3,511
Other current liabilities	3,666	4,020
<b>Total current liabilities</b>	<b>13,961</b>	<b>12,117</b>
<b>Long-term liabilities:</b>		
Line of credit	10,500	13,600
Long-term debt, less current portion	4,533	4,703
Financing lease obligation, less current portion	3,729	3,802
Deferred tax liability	1,338	1,231
Other liabilities	7,287	7,033
<b>Total liabilities</b>	<b>41,348</b>	<b>42,486</b>
<b>Shareholders' equity:</b>		

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Common stock, \$.01 par value, 100,000,000 shares authorized, 7,610,000 and 7,514,000 shares issued and outstanding at March 31, 2013 and December 30, 2012, respectively	73	73
Additional paid-in capital	1,366	1,188
Retained earnings	32,568	32,506
<b>Total shareholders equity</b>	<b>34,007</b>	<b>33,767</b>
	\$ 75,355	\$ 76,253

See accompanying notes to consolidated financial statements.

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	<b>Three Months Ended</b>	
	<b>March 31,</b>	<b>April 1,</b>
	<b>2013</b>	<b>2012</b>
<b>Revenue:</b>		
Restaurant sales, net	\$ 32,280	\$ 32,696
Franchise royalty revenue	4,092	4,378
Franchise fee revenue	44	170
Licensing and other revenue	184	249
<b>Total revenue</b>	<b>36,600</b>	<b>37,493</b>
<b>Costs and expenses:</b>		
Food and beverage costs	9,958	10,161
Labor and benefits costs	10,757	10,871
Operating expenses	8,982	8,926
Depreciation and amortization	1,541	1,454
General and administrative expenses	5,019	4,472
Asset impairment and estimated lease termination and other closing costs	(12)	92
Pre-opening expenses	6	18
Net loss on disposal of property	1	6
<b>Total costs and expenses</b>	<b>36,252</b>	<b>36,000</b>
<b>Income from operations</b>	<b>348</b>	<b>1,493</b>
<b>Other expense:</b>		
Interest expense	(285)	(264)
Interest income	4	2
Other income, net	18	8
<b>Total other expense</b>	<b>(263)</b>	<b>(254)</b>
<b>Income before income taxes</b>	<b>85</b>	<b>1,239</b>
<b>Income tax expense</b>	<b>(23)</b>	<b>(422)</b>
<b>Net income</b>	<b>\$ 62</b>	<b>\$ 817</b>
<b>Basic net income per common share</b>	<b>\$ 0.01</b>	<b>\$ 0.11</b>
<b>Diluted net income per common share</b>	<b>\$ 0.01</b>	<b>\$ 0.11</b>

<b>Weighted average common shares outstanding basic</b>	7,370	7,636
<b>Weighted average common shares outstanding diluted</b>	7,648	7,747

See accompanying notes to consolidated financial statements.

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	<b>Three Months Ended</b>	
	<b>March 31,</b>	<b>April 1,</b>
	<b>2013</b>	<b>2012</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 62	\$ 817
Adjustments to reconcile net income to cash flows provided by operations:		
Depreciation and amortization	1,541	1,454
Asset impairment and estimated lease termination and other closing costs	(12)	92
Net loss on disposal of property	1	6
Amortization of deferred financing costs	15	14
Deferred income taxes	107	
Deferred rent	188	244
Stock-based compensation	465	370
Tax benefit for equity awards issued	354	901
Changes in operating assets and liabilities:		
Restricted cash	(20)	(405)
Accounts receivable, net	817	395
Inventories	36	60
Prepaid expenses and other current assets	(650)	(1,518)
Deposits		11
Accounts payable	2,790	1,821
Accrued compensation and benefits	(1,277)	(3,121)
Other current liabilities	(492)	(1,136)
Long-term deferred compensation	8	(38)
Cash flows provided by (used for) operating activities	3,933	(33)
<b>Cash flows from investing activities:</b>		
Proceeds from the sale of restaurant assets		1,200
Purchases of property, equipment and leasehold improvements	(739)	(785)
Purchases of intangible assets	(229)	
Payments received on notes receivable		16
Cash flows (used for) provided by investing activities	(968)	431
<b>Cash flows from financing activities:</b>		
Proceeds from draws on line of credit	5,300	8,400
Payments on line of credit	(8,400)	(7,400)
Payments for debt issuance costs	(58)	
Payments on long-term debt and financing lease obligation	(229)	(224)
Proceeds from exercise of stock options		34
Tax benefit for equity awards issued	354	901



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Repurchase of common stock		(1,530)
Cash flows (used for) provided by financing activities	(3,033)	181
<b>(Decrease) increase in cash and cash equivalents</b>	(68)	579
<b>Cash and cash equivalents, beginning of period</b>	2,074	1,148
<b>Cash and cash equivalents, end of period</b>	\$ 2,006	\$ 1,727

See accompanying notes to consolidated financial statements.

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**FAMOUS DAVE S OF AMERICA, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**